



Maine Connections

August 2009

Greetings!

Welcome to the Maine Department of Economic and Community Development's e-Connections newsletter. We hope you find the newsletter informative and useful. We encourage you to forward it to your friends and colleagues.

From the Commissioner:

Maine, ready to compete globally.



Maine is a welcoming state, with vibrant communities, embracing innovative entrepreneurs. Partnerships, across the state with businesses, communities, non profits and educational institutes are growing, bringing together experts and entrepreneurs that are changing Maine's economic climate, making Maine a truly business friendly state that can compete globally.

Our Pine Tree Zones, level the playing field for companies by helping them with ten years of tax incentives, and towns assist further with tax increment financing (TIF's). The combination helps businesses and communities grow together. This relationship in turn has seen communities across the state begin to reinvent their downtowns. They are investing in their historical value, building creative economies, with grants and other resources.

I'm proud to say the DECD plays an important role implementing these grants, programs and incentives throughout the state.

Recently we supported legislation that has made our incentives stronger:

- Maine's Pine Tree Zones now encompass the entire state.
- While many states had to increase taxes to balance budgets, Maine decreased income taxes. As of January 1, 2010 our income tax rate will be 6.5 percent, reduced from 8.5 percent. A *Wall Street Journal* editorial praised the state for cutting income taxes.
- Now costs related to recreational trail enhancements can be paid for by TIFs.

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In Maine, people and businesses work together on the local, state, and federal levels to achieve smart growth. This synergy has helped develop the state's clean-energy economy. From 1998 to 2007, Maine's growth in this sector was seven times the national average, according to a report by the Pew Charitable Trust.

Now the state is ramping up its potential in the green energy revolution. Maine is already New England's largest wind energy producer. Maine's wind, waves, and tides are resources just beginning to be tapped, which will literally energize the state's economy. In June, the DECD hosted the annual EnergyOcean Conference, which brought together experts from around the world to network and witness Maine's potential for alternative-energy businesses. In September, the Maine International Trade Center's annual trip will be focused on renewable clean energy as they take Maine businesses to Spain and Germany.

Maine is also developing a worldwide reputation for innovation and is attracting researchers from around the world.

Recently, the second round of the Maine Technology Asset Funds (MTAF) were awarded. These awards mark an important new direction in growth and innovation. With many other grants, companies are not required to have a long-term strategy that involves other Maine partners, like educational institutions or businesses. When businesses, educational institutions, industry, and nonprofits, align themselves and work together because of a common bond, it grows economies. The MTAF awards are strategically targeted to help stimulate these cluster areas of growth that are already underway in the state.

Maine's natural resources are its strengths- its people, forests, farms, and fishing grounds. A new initiative, Mobilize Maine, will map the state on computer software in six regions listing the strengths of each area using local community leaders and businesses to supply information. It's true economic development from the grass roots.

With all these measures we can boldly declare that Maine is serious about being open for business in the global economy.

-Commissioner John Richardson

Nature based and cultural heritage tourism

Nature based and cultural heritage tourism efforts help grow economies worldwide. Businesses that specialize in these areas are booming. In the world of Blackberry cell-phones and computers unplugging and recharging ones internal batteries in nature has become desirable. It is a proven stress reducer.

Vacations in these areas provide historic information, interactive recreation with nature, and educational



experiences for young and old. And Maine is a perfect destination for a nature tourism adventure as well as a cultural heritage excursion.

In 2005, a company specializing in nature-based tourism development was contracted by the state to develop an extensive inventory of Maine's natural resource assets.

Soon afterwards pilot regions for nature-based tourism were established in Piscataquis and Penobscot Counties; Down East in Washington and Hancock Counties; and in Maine's Western Mountains.

As specific standards are met, sites in these regions are identified with Maine's Chickadee logo to signify a nature-based location. The Chickadee logo helps visitors identify locations with ease. So far twenty signs have already been posted in Piscataquis County. See:

www.themainehighlands.com. And new maps of attractions in Washington County were published see: www.maine.gov/doc.

This spring the Maine Birding Trail was introduced and is already the Office of Tourism's most requested brochures, highlighting eighty-two of the top birding locations in Maine.

Maine is one of America's top year-round bird watching destinations. Despite the rainy weather in June and July bird enthusiasts flocked into the state.

In order to bring more attention to destinations that give people a wide range of nature tourism and cultural adventures in Central Maine the Office of Tourism worked with local businesses to help develop the Maine Woods Discovery Packages.

The companies are offering special discounts for a variety of outdoor adventures including fly-fishing, whitewater rafting, backpacking and gemstone digging. Please view: <http://www.mainewoodsdiscovery.com/>

For a historical, cultural as well as a nature-based experience the Office of Tourism partnered with The U.S. Coast Guard, and the American Lighthouse Foundation to create a first ever lighthouse open-day, on September 12, 2009 in Maine.

Maine has a rich maritime history, which lighthouses played important roles. On the open house day, Coast Guard personnel will conduct a survey of the condition of Maine's lighthouses. Their survey results with digital photos will be posted on; www.lighthouseaday.com

Nature based tourism and cultural heritage tourism initiatives are key to economic development in rural areas. And by building on these strengths Maine has to offer, protecting our natural resources and cultural heritage, Maine's quality of life is enhanced.

The Mobilize Maine maps the state for economic growth

Mobilize Maine maps the state into six districts with the objective of providing regional data and growth forecasting to Maine's economic development professionals. This initiative stands out because the information used will be gathered from local communities based on the strengths of their district.

"It's economic development from the ground up, instead of the top down. Mobilize Maine helps get the word out about what Maine has to offer from local communities, who know their area best. For the first time, we will see economic development driven by local leadership, based on strengths. Businesses and community leaders in each of the districts will provide the information about their region," said Mark Ouellette, Director of the Office of Business Development (OBD).

In business, identifying the strengths that make a business unique is key to any business plan. It is the first step in marketing a product. It brands the business.

This principle has been translated to Mobilize Maine. Each of the six districts will identify businesses, cluster areas of growth, quality of life attributes, workforce and workplace assets that make them unique.



"Instead of a needs based approach we're looking at what each region has to leverage. The old model showed our weaknesses and deficiencies, this new approach highlights our strengths that will lead to environmental, social and economic prosperity," said Ouellette. "It should attract businesses that fit specifically into a district. And when a new business opens, other businesses benefit. When people around you have better jobs, they spend more locally and you have more customers. With positive change the tide raises all boats."

An economic consulting firm VITAL Economy Inc. was hired by FairPoint Communications to create the computer-modeling software that maps out the state helping local economic development agencies analyze statistics specific to their area, giving them a more comprehensive profile of their region.

"At the end of a three-year process with VITAL Economy asset mapping, this expertise will be built upon by each region. They will have been instructed in how to manage the system to allow them to continue to leverage their assets. It's an organic growth process, which will naturally build over time," said Ouellette.

This new approach encourages districts to work together.

"By running the programs through the economic district's directors they will be able to share information with other directors. They already have built good relationships," said Ouellette. "Right now, Eastern Maine Development Corp has a new pellet plant business that wants to locate in Aroostook County. Bob Clark knows about the other pellet plants in Maine. His expertise is invaluable. So he's talking to the Northern Maine Development Corporation, helping the process."

Another aspect of Mobilize Maine will be discovering new assets based upon unforeseen economic growth areas.

"Mobilize Maine will uncover new assets in each district so they will be better prepared for growth. For example wind power has come to Washington County. They are still working out the potential of what that means. In the future regions will be better able to react to a new reality,

with the mapping in place. It's exciting to think about what the future will bring with this initiative. This will grow Maine's economy," concluded Ouellette.

Dana Connors, president of the Maine State Chamber of Commerce said, "Mobilize Maine allows us to work as a team and play to our strengths. Each part of our state brings something special. It's huge for business development."

Sea Bags of Maine expands: Hand crafted totes made from recycled sails

Ten years ago Hannah Kubiak and Beth Shissler opened their store in Portland not knowing if their tote bags made from recycled sails would resound with the public.

The partners grew up in Maine, left the state for college making a vow to return and start a business. "We love Maine, the people, and communities are special here. It's a business friendly welcoming state," said Shissler. "There isn't a better place to start a business."

Kubiak found the avenue to make their dream a reality, from a childhood experience. She grew up on sailboats with her father at the helm.



"Sailing in Maine is magical," said Kubiak. "One day my father made a bag from an old sail, that inspired me."

Now the company is sailing into the future. With articles in over two-dozen major magazines, as sponsors for the U.S. Olympic sailing team in China, donors to community causes, and Martha Stewart as a fan, their customer base is continuing to grow. Last July, Sea Bags took the next step and opened a retail store in downtown Freeport.

"We choose to expand because our customer base has grown all over the world, so it was a natural progression. It's a great time for people to have a Maine Made product. We love the recycled aspect of our business. A lot of our décor in our new store is recycled from other products by local Maine businesses," said Shissler. "The DECD has been a big proponent. Commissioner Richardson's support and guidance helped plan our strategy."

Because of the DECD's assistance, the commissioner was invited to speak at the grand opening celebration of the Freeport store.

"People have commented to me that it's such a welcoming sight to walk down the street in Freeport and see a Maine store with a unique quality product amongst all the national outlets. And I couldn't agree more. Our economy in Maine grows one business at a time, with five or more employees. Your success is our success, I'm honored to be here," said the Commissioner. "The quality and craftsmanship in every Sea Bag product reflects well on the state of Maine."

The company proclaims that each bag has sailed around the world before it is recycled into a

Sea Bag. Creating new ways to recycle the sails into quality products is a mainstay to the company.

"We have two wonderful designers. Not only do they take old sails and turn them into designer bags, now we have started to take sail material and weave it into indoor out door rugs. One of our designers has even taken the sails and crafted them into runway dresses for a fashion show," said Shissler. "We believe in recycling because it works. Creating new products from sails, proves how well it works for us."

Tax incentive program now covers the entire state

In 2003 Pine Tree Development Zones (PTZ's) were established to make areas in Maine that needed economic development more attractive to businesses by providing tax incentives. Now, after six years of success, those PTZ tax-free benefits have been extended to cover the entire state.

"More opportunities for Maine workers and businesses have resulted because of the creation of this program. Pine Tree Development Zones encourage growth internally, and attract new businesses to the state," said John Richardson the Commissioner of the Department of Economic and Community Development (DECD).

Because of the recession, in 2009 only, Maine will provide ten years of PTZ benefits anywhere in the state to otherwise qualifying businesses. The goal is to encourage development projects spurring job creation and investment.

Starting in 2010 areas that have been identified as having higher economic development needs will have PTZ benefits for companies for ten years. Less challenged economic locations, in York and Cumberland Counties, will receive the benefits for five years.

"The statewide expansion of the Pine Tree Zone benefits is so important because the competition is not between New Gloucester and Kittery. The competition is global. In today's world it shouldn't be about where you are located in Maine. It should be about where you want to be in Maine," said Commissioner Richardson. "If you are in business you naturally go where the workforce is dominant and they can serve your needs as an employer. So if the workforce is in Wilton or Portland you shouldn't be disadvantaged by not having the Pine Tree Zone benefits."

According to the DECD at the end of 2008, there were a total of 213 PTZ certified businesses in Maine, who reported their plans to create more than 6,500 jobs and invest \$685 million. Those jobs are expected to generate \$203 million in payroll.

Brian Hodges, Director of DECD's tax incentive programs, said the department worked closely with the Governor's office and legislators to formulate the new law. "There were bills submitted by a lot of legislators, we worked together to insure the entire state now offers PTZ benefits," he said.

"We don't want people leaving the state and going elsewhere simply because the PTZ benefits, that level the playing field nationally, aren't available to a particular business," added Commissioner Richardson.

Backyard Farms, a state-of-art hydroponic tomatoes farm, in Madison, is currently expanding, adding 75 new jobs along with a new green house. They came to Maine because of the incentives provided by PTZ's, tax increment financing, electric rates, and the workforce.

Other companies searched America to find the ideal location for their business. They focused on workforce potential, and tax incentives. NotifyMD, Barclays Bank and T-Mobile, to name a few, would never have located to Maine without the PTZ incentives.

Maine receives \$19.6 million to stabilize communities at risk from foreclosure rates

Fifteen Maine communities are in line to get a piece of \$19.6 million in federal funds to acquire and redevelop foreclosed and abandoned properties, that might otherwise become sources of abandonment and blight within their communities.



"The NSP funds are targeted for areas of greatest need," said Deborah Johnson of the Office of Community Development (OCD). "The funds will be used to buy, rehab or demolish vacated properties to then resell or redevelop to income eligible homeowners in a way that will enable them to get into a house that they can afford that is energy efficient."

The funding is an opportunity to help reinvigorate communities with the confidence that foreclosed properties will be stemmed from devaluing other properties, as they are acquired.

"When a property sits vacated it depresses the rest of the neighborhood and becomes a target for vandalism. The next thing you know the house next door won't sell," said Johnson. "The focus of the program is to stop this process, and then the private sector can pick up the slack."

Depending how the funds are used, the downtown revitalization that could emerge from this targeted funding could also lead to more community involvement and business growth, helping the economy to recover.

"The properties will be resold to people who don't currently own a home and haven't owned a home for three years," said Johnson. "There will be advertisements and notifications to the press when they come on to the market."

The Neighborhood Stabilization Program (NSP), funded through the federal Housing and Economic Recovery Act of 2008, has allocated the funds to the State of Maine Community Development Block Grant (CDBG) program for distribution. The funding addresses the possible negative fallout from property foreclosures in Maine's most affected communities, identified by a contractor hired by the OCD.

The OCD, which distributes CDBG funds, submitted the required NSP Action Plan Substantial Amendment to HUD last December to receive these funds.

This action plan maps out how the State of Maine will distribute the NSP funds in accordance with federal requirements.

In order to decide how to best allocate the assistance, Maine evaluated its communities according to three criteria of need and impact:

- 1) How many foreclosures have occurred within the community in 2008.
- 2) What is the geographic density of the property foreclosures.

3) The likelihood that foreclosures will increase in a community in 2009.

The fifteen communities that will receive a portion of the \$19.6 million are: Sanford, Lewiston, Portland, Bangor, Westbrook, Auburn, South Portland, Old Orchard Beach, Biddeford, Bath, Brunswick, Lisbon, Saco, Waterville, and Waterboro.

MTAF funds prove their worth at The Jackson Laboratory

During a groundbreaking for a new importation isolation facility at The Jackson Laboratory, a nonprofit research facility, officials declared that they have turned the corner from the economic slump, as their inbred mice sales are on the rise.

Charles Hewett, Jackson Lab's chief operating officer, said, "Since June 1, the lab's revenue from reproductive services is more than seven percent ahead of where it was this time last year. I can tell you, we could not go forward on this path if we didn't have this new facility being built."

The new building, which is being funded by a \$4.7 million grant from the taxpayer-supported Maine Technology Asset Fund, (MTAF) and matching funds from the



Laboratory, will provide needed space for many of the lab's reproductive services. About 100 employees are expected to work in the new building which will include a space for cryopreservation storage, a lab, and mouse distribution facilities.

Hewett praised the help he received applying for the grant from the Department of Economic and Community Development's Office of Innovation. "Their assistance has been tremendous," he said.

"We're grateful for the support the state of Maine has given us and look forward to continuing to work together," said Jackson Laboratory President and CEO Rick Woychik, Ph.D. "The MTAF grant funding is a smart investment in science, medicine and economic development. It will expand the Laboratory's capacity to conduct research and development, leading to new product and service offerings for personalized medicine research, in partnership with Maine companies and nonprofit institutions."

With an FY2010 budget of \$168.8 million and more than 1,300 employees, the laboratory is one of Maine's largest employers.

The Jackson Laboratory is now the world's leading research mouse repository distributing research resources and scientific services to more than 13,000 investigators in 42 countries.

Since MTAF grants were started The Jackson Laboratory has been a recipient for both rounds of awards, totaling \$6.8 million. In August of 2008 the Laboratory received a \$2.1 million MTAF grant to expand research space for laboratory mice and to purchase cutting-edge equipment for genetic analysis.

"The MTAF funds have elevated Maine on the national landscape as a state that makes essential investments during a time of economic turmoil," said the president of Maine Technology

Institute (MTI), Betsy Biemann during the grant awards ceremony for 16 grant recipients in June. MTI administers the MTAF awards.

When businesses, educational institutions, industry, and nonprofits, align themselves and work together because of a common bond, it has been found to grow economies. The MTAF awards are strategically targeted to help stimulate these cluster areas of growth that are already under way in the state.

The Office of Innovation recognized

Maine is on a path for growth fostering innovative businesses that are needed in this 21st century economy. They represent higher wages and jobs that will last far into the future. The green energy economy is based upon these innovative jobs. Proponents say that the revolution across America focused on creating these jobs is as important to the world's economy as the Industrial Revolution was.

Maine has steadily been fostering the innovation economy. The Department of Economic and Community Development (DECD) Office of Innovation ensures accountability evaluating by its progress in this effort. Recently, the DECD was honored for this work by the Council for Community and Economic Research.

The Office of Innovation encourages and coordinates the State's research and development activities to foster collaboration among the State's higher education and nonprofit research institutes and the business community. The office provides strategic direction, promotion, measurement and evaluation of innovation-related public investments in Maine.

According to Commissioner John Richardson, Department of Economic and Community Development much of the credit goes to one of the original architects of the R&D evaluations Dr. Catherine Renault, the Director of the Office of Innovation.

"Dr. Renault brings clarity to complex projects. She coordinated the Comprehensive Economic Development evaluation, which we believe is the first in the nation," he said.

Dr. Renault said, "It is rewarding to have the State of Maine recognized for its leadership in the use of data to drive policy decisions."

The Council for Community and Economic Research is a membership organization created to promote excellence in community and economic research by working to improve data availability, enhance data quality, and foster learning about regional economic analytic methods.

For more information on Maine's Office of Innovation, please visit: www.maineinnovation.org